

## Growth tempo maintained...

Divi's reported a strong Q3FY21 performance. Revenues grew 21.9% YoY to ₹ 1701 crore (I-direct estimate: ₹ 1770 crore). Generic segment grew 21% YoY to ₹ 876 crore. Custom synthesis grew 18.9% YoY to ₹ 681 crore. Carotenoids grew 45.0% YoY to ₹ 145 crore. EBITDA margins expanded 525 bps YoY to 40.6% (I-direct estimates of 39.5%) due to significantly better gross margin performance (up 824 bps YoY to 69.0%) partially offset by higher staff costs. Subsequently, EBITDA grew 39.9% YoY to ₹ 691 crore (I-direct estimate: ₹ 699 crore). PAT grew 31.1% YoY to ₹ 471 crore (I-direct estimate: ₹ 492 crore) in-line with strong operational performance.

## Established CRAMS player

The custom synthesis (CS) business (41% of FY20 revenues) is a margin accretive one but at times lumpy as it depends on offtake from customers (global top 20 big pharma). However, this business showed good recovery on account of an improved business environment. Strong R&D capabilities and India cost arbitrage along with IP adherence are some legacy strengths, which will drive incremental assignments from MNCs. We expect CS to grow at a CAGR of ~24% to ₹ 4203 crore in FY20-23E.

## Legacy strength, scalability likely to propel generics growth

The company remains committed to a few research driven niche opportunities as was the case when it started commercial operations. Two generics, Naproxen (pain management) and Dextromethorphan (cough suppressant) account for ~26% of overall revenues. Divi's enjoys ~70% global market share in these two products. Divi's is also increasing its presence in another niche area of carotenoids after acquiring requisite capabilities. It has developed various types of carotenoids including beta-carotene. Recent supply constraints from China are likely to propel growth in this segment. With focus on brownfield expansion, the management is committed to addressing capacity constraints. We expect sales from generics to grow at a CAGR of ~23% to ₹ 5954 crore in FY20-23E.

## Valuations & Outlook

Q3 results were mostly in line with I-direct estimates on all fronts. More than strong quarterly performance (the management stresses in a business like this can be lumpy) important narrative for Divi's is unprecedented capex to further augment capacities besides preparing for growing opportunities arising from China plus one factor. It has earmarked aggressive capex of ~₹ 3700 crore [₹ 1800 (existing plans) + ₹ 400 (custom synthesis blocks) + ₹ 1500 crore (greenfield Kakinada plant)], over and above ~₹ 2000 crore spent in last five years. Impact of the massive investment is already visible & expected to reflect in FY22-23. Divi's stays a quintessential play on Indian API/CRAMS segment with its product offering, execution prowess. Maintain **BUY** with TP of ₹ 4440 (vs. earlier ₹ 4425) based on 40x FY23E EPS of ₹ 111.0.

### Key Financial Summary

(₹ crore)	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E) %
Revenues	5394.4	6894.3	8435.1	10157.2	23.5
EBITDA	1816.1	2766.3	3289.7	4012.1	30.2
EBITDA margins (%)	33.7	40.1	39.0	39.5	
Adj. Net Profit	1376.5	1919.7	2343.6	2945.7	28.9
Adjusted EPS (₹)	51.9	72.3	88.3	111.0	
PE (x)	73.7	52.8	43.3	34.4	
EV to EBITDA (x)	54.2	35.4	29.7	24.2	
RoNW (%)	18.8	22.1	22.1	22.4	
RoCE (%)	23.9	28.5	28.4	28.9	

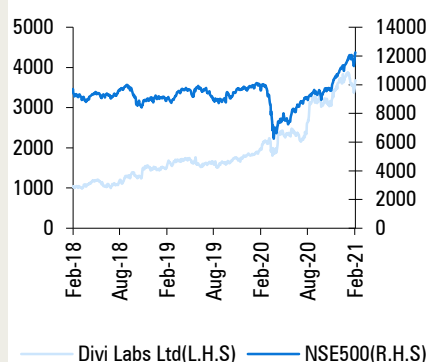
Source: ICICI Direct Research; Company



### Divi's Laboratories Limited

Particulars	
Particular	Amount
Market Capitalisation	₹101402 crore
Debt (FY 20)	₹39 crore
Cash & equivalents (FY 20)	₹1094 crore
EV	₹100347 crore
52 week H/L	3913/1633
Equity capital	₹53.1 crore
Face value	₹2

### Price performance



### Key risks to our call

- Delay in execution of capex plans (including Kakinada plant)
- cGMP related regulatory issues for exports

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**Exhibit 1: Variance Analysis**

	Q3FY21	Q3FY21E	Q3FY20	Q2FY21	YoY (%)	QoQ (%)	Comments
Revenue	1,701.4	1,770.3	1,396.3	1,749.3	21.9	-2.7	YoY growth supported by strong growth across segments
Raw Material Expense	526.6	619.6	547.1	576.3	-3.8	-8.6	
Gross Margins (%)	69.0	65.0	60.8	67.1	824 bps	199 bps	Sharp improvement amid Improvement in production process, backward integration and change in product mix
Employee Expenses	233.6	203.6	156.5	193.2	49.3	20.9	Included ₹ 34 crore of one-off incentives amid work during Covid
Other Expenditure	250.0	247.8	198.7	238.7	25.8	4.7	
Total Expenditure	1,010.2	1,071.0	902.4	1,008.2	12.0	0.2	
EBITDA	691.2	699.3	493.9	741.1	39.9	-6.7	
EBITDA (%)	40.6	39.5	35.4	42.4	525 bps	-174 bps	Sharp improvement and beat vis-à-vis I-direct estimates mainly due to strong gross margins
Interest	0.3	0.3	1.6	0.2	-82.6	68.8	
Depreciation	68.2	61.0	46.7	61.1	46.0	11.5	
Other income	19.3	17.7	41.7	13.6	-53.6	41.6	Forex gain was ₹ 2.53 crore vs. gain of ₹ 17.96 crore in Q3FY20
PBT Before EO	642.1	655.7	487.3	693.5	31.8	-7.4	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	642.1	655.7	487.3	693.5	31.8	-7.4	
Tax	171.5	163.9	128.2	173.9	33.7	-1.4	
Net Profit	470.6	491.8	359.1	519.6	31.1	-9.4	Strong growth and beat vis-à-vis I-direct estimates mainly in sync with operational performance
<b>Key Metrics</b>							
Generic	875.9	904.7	723.8	874.9	21.0	0.1	
CS	680.6	715.6	572.5	699.7	18.9	-2.7	
Carotenoid	145.0	150.0	100.0	174.7	45.0	-17.0	

Source: ICICI Direct Research

**Exhibit 2: Change in Estimates**

	FY21E			FY22E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	7,035.5	6,894.3	-2.0	8,572.4	8,435.1	-1.6
EBITDA	2,756.8	2,766.3	0.3	3,300.4	3,289.7	-0.3
EBITDA Margin (%)	39.2	40.1	92 bps	38.5	39.0	50 bps
Net Profit	1,939.2	1,919.7	-1.0	2,385.3	2,343.6	-1.7
EPS (₹)	73.0	72.3	-0.9	89.9	88.3	-1.8

Source: ICICI Direct Research

**Exhibit 3: Change in Estimates**

	Current				Earlier		Comments
(₹ Crore)	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Generic API & Intermediates	2,438.1	2,740.0	3,526.6	4,231.9	3,599.9	4,319.9	
Carotenoids	383.0	443.0	560.6	700.7	598.5	706.2	Changed as per management guidance
Custom Synthesis	2,060.6	2,211.4	2,802.0	3,502.5	2,837.0	3,546.3	

Source: ICICI Direct Research

## Conference Call Highlights

- Revenue bifurcation - Generic: CS: 60:40 mix, Carotenoid: ₹ 145 crore
  - Carotenoid: ₹ 600 crore annual rate, similar margins to generics
- Cash as of end of Q3FY21 - ₹ 2054 crore; Receivables - ₹ 1499 crore
- Total capitalisation done during 9MFY21 amounted to ₹ 1011 crore (Q3FY21: ₹ 181 crore)
  - Growth to come in from Q4FY21/Q1FY22
- Higher gross margins due to debottlenecking, backward integration of old generic compounds, process improvement
  - EBITDA margins can be sustained, going ahead
- Revenue contribution: 68% through Europe and US; 15% from India
- Top five products contribute ~47% to the topline
- Contrast media APIs have been validated for Generics and custom synthesis segments
  - Divi's has an advantage of technology edge, lower raw material cost
- A ₹ 400 crore capex for construction of new blocks for custom synthesis (CS) – one of the streams started production, few other streams awaited to start production in some time
  - Some products to be introduced in H1FY22

**Exhibit 4: Trends in quarterly financials**

(₹ crore)	13FY18	14FY18	15FY19	16FY19	17FY19	18FY19	19FY20	20FY20	21FY20	22FY20	23FY20	24FY20	25FY20	26FY20	27FY20	YoY (%)	QoQ (%)
Total Operating Income	1037.9	1088.0	995.3	1285.0	1342.9	1256.4	1162.9	1445.6	1396.3	1389.7	1730.5	1749.3	1701.4	21.9	-2.7		
Raw Material Expens	408.4	407.6	381.4	473.2	480.2	503.0	452.3	593.7	547.1	515.4	639.8	576.3	526.6	-3.8	-8.6		
% of revenues	39.3	37.5	38.3	36.8	35.8	40.0	38.9	41.1	39.2	37.1	37.0	32.9	31.0	-823.6	-199.3		
Gross Profit	629.5	680.3	613.9	811.8	862.7	753.5	710.6	851.9	849.1	874.3	1090.6	1173.0	1174.8	38.4	0.2		
Gross Profit Margin (%)	60.7	62.5	61.7	63.2	64.2	60.0	61.1	58.9	60.8	62.9	63.0	67.1	69.0	823.6	199.3		
Employee Expenses	115.0	125.8	121.3	134.7	136.5	138.3	140.9	150.6	156.5	173.1	183.9	193.2	233.6	49.3	20.9		
% of revenues	11.1	11.6	12.2	10.5	10.2	11.0	12.1	10.4	11.2	12.5	10.6	11.0	13.7	252.2	268.6		
Other Expenses	188.4	168.1	140.7	163.0	203.0	204.1	182.6	210.8	198.7	256.7	206.7	238.7	250.0	25.8	4.7		
% of revenues	18.2	15.4	14.1	12.7	15.1	16.2	15.7	14.6	14.2	18.5	11.9	13.6	14.7	46.1	104.9		
Total Expenditure	711.7	701.5	643.5	770.9	819.6	845.3	775.7	955.0	902.4	945.3	1030.4	1008.2	1010.2	12.0	0.2		
% of revenues	68.6	64.5	64.6	60.0	61.0	67.3	66.7	66.1	64.6	68.0	59.5	57.6	59.4	-525.2	174.3		
EBITDA	326.1	386.5	351.9	514.1	523.3	411.1	387.1	490.6	493.9	444.5	700.1	741.1	691.2	39.9	-6.7		
EBITDA Margins (%)	31.4	35.5	35.4	40.0	39.0	32.7	33.3	33.9	35.4	32.0	40.5	42.4	40.6	525.2	-174.3		
Interest	0.3	-0.2	0.6	0.2	2.5	0.1	0.3	3.8	1.6	0.4	0.2	0.2	0.3	-82.6	68.8		
Depreciation	37.4	38.8	41.6	42.4	42.5	42.3	43.8	45.9	46.7	49.8	56.2	61.1	68.2	46.0	11.5		
Other Income	17.0	48.2	48.8	80.1	34.6	41.7	30.3	47.0	41.7	76.7	17.3	13.6	19.3	-53.6	41.6		
PBT before forex & E	305.5	396.1	358.4	551.6	512.9	410.4	373.3	487.9	487.3	471.0	661.0	693.5	642.1	31.8	-7.4		
Total Tax	80.8	134.5	92.3	153.9	133.4	121.0	100.9	131.1	128.2	82.7	168.9	173.9	171.5	33.7	-1.4		
Tax rate (%)	26.5	33.9	25.7	27.9	26.0	29.5	27.0	26.9	26.3	17.6	25.6	25.1	26.7	39.1	162.8		
PAT	224.7	261.6	266.2	397.7	379.5	289.4	272.4	356.8	359.1	388.2	492.1	519.6	470.6	31.1	-9.4		
PAT Margin (%)	21.6	24.0	26.7	30.9	28.3	23.0	23.4	24.7	25.7	27.9	28.4	29.7	27.7				

Source: ICICI Direct Research

## Company Background

Established in 1990, Divi's Laboratories is engaged in the manufacture of generic APIs and intermediates, custom synthesis of active ingredients and advanced intermediates for pharma MNCs, other speciality chemicals like Carotenoids and complex compounds like peptides and Nucleotides. After successfully developing and marketing generics and intermediates for generic players, the company started custom synthesis of NCEs developed by MNCs by providing generics and advanced intermediates. The company started Carotenoid supplies in FY09. Promoted by Dr Murali K Divi, the company raised ₹ 17 crore through its maiden IPO in March 2003.

DLL's product portfolio comprises two broad segments- (i) generics including nutraceuticals and (ii) custom synthesis of generics, intermediates and speciality ingredients for innovator pharma MNCs. It also includes peptide building blocks.

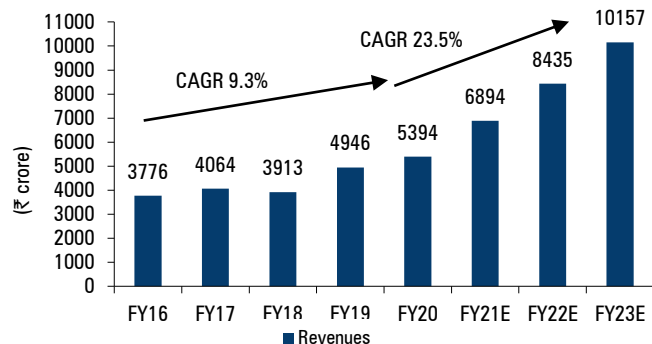
To enter the custom synthesis space in the nineties, the company made its own case to innovators, which, until then, were relying on services provided by major players such as BASF, Degussa, etc. As these players grew and became as big as the innovators themselves, companies like Divi's, on account of their capabilities and commitment towards the strict IP regime, started getting assignments.

The custom synthesis business is a high margin one but at times lumpy as it depends on offtake from customers (global top 20 big pharma). This business had a difficult time in FY10, FY11 as most customers resorted to de-stocking due to the global slowdown. However, this business has shown a good recovery due to improved business environment. Strong R&D capabilities, India based cost arbitrage and IP adherence are some key strengths of Divi's, which will drive incremental assignments from MNCs.

In the generics segment, two generics, Naproxen (pain management) and Dextromethorphan (cough suppressant) account for a significant portion of overall revenues. Divi's enjoys ~70% global market share in these two products. These products are already mature with limited competitors having other priorities. DLL is also increasing its presence in another niche area of Carotenoids after acquiring the requisite capabilities. It has developed various types of Carotenoids including Beta-carotene, the largest in the group.

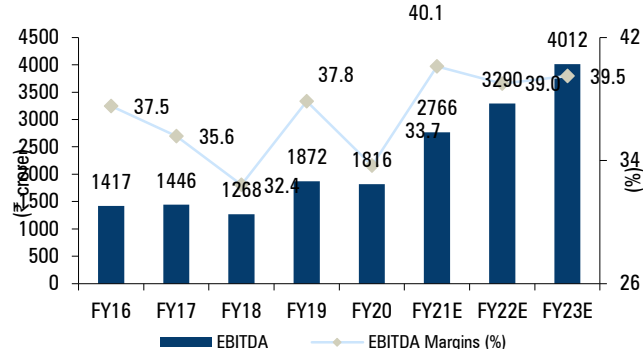
The company has earmarked an aggressive capex of ~₹ 1800 crore (₹ 1000 crore completed + ₹ 800 crore in Capital WIP), over and above ~₹ 2000 crore spent in the last five years. This capex will largely be distributed between the Unit 1 (DCF SEZ) & 2 (DCV SEZ) facilities for up-gradation of quality control systems, de-bottlenecking and incremental capacities for a) existing/new products, b) Custom Synthesis. Additionally, part of this huge capex will be utilised for backward integration (~₹ 300 crore) and part will be geared towards a waste water treatment plant.

**Exhibit 5: Revenues to grow at CAGR of 24% over FY20-23E**



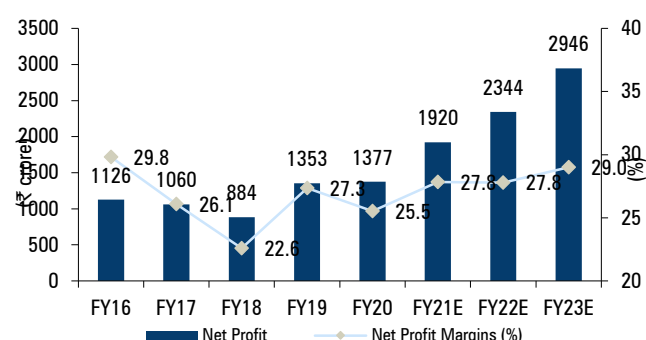
Source: ICICI Direct Research, Company

**Exhibit 6: EBITDA & EBITDA margins trend**



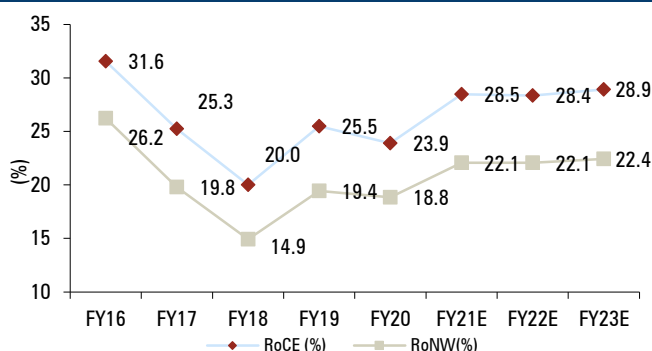
Source: ICICI Direct Research, Company

**Exhibit 7: PAT & PAT margins trend**



Source: ICICI Direct Research, Company

**Exhibit 8: RoE & RoCE trend**



Source: ICICI Direct Research, Company

**Exhibit 9: Valuation**

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 20	5394	9.1	51.9	1.8	73.7	54.2	18.8	23.9
FY 21E	6894	27.8	72.3	39.5	52.8	35.4	22.1	28.5
FY 22E	8435	22.3	88.3	22.1	43.3	29.7	22.1	28.4
FY 23E	10157	20.4	111.0	25.7	34.4	24.2	22.4	28.9

Source: ICICI Direct Research

**Exhibit 10: Shareholding Pattern**

(in %)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoter	52.0	52.0	52.0	52.0	52.0
Others	48.0	48.0	48.0	48.0	48.1

Source: ICICI Direct Research, Company

## Financial Summary

**Exhibit 11: Profit & Loss (₹ crore)**

(Year-end March)	FY20	FY21E	FY22E	FY23E
<b>Revenues</b>	<b>5,394.4</b>	<b>6,894.3</b>	<b>8,435.1</b>	<b>10,157.2</b>
Growth (%)	9.1	27.8	22.3	20.4
Raw Material Expenses	2,108.5	2,385.1	3,121.0	3,707.4
Employee Expenses	621.1	807.7	927.9	1,117.3
Other Expenses	848.8	935.2	1,096.6	1,320.4
<b>EBITDA</b>	<b>1,816.1</b>	<b>2,766.3</b>	<b>3,289.7</b>	<b>4,012.1</b>
Growth (%)	-3.0	52.3	18.9	22.0
Depreciation	186.2	253.7	290.3	306.8
Interest	6.1	0.9	1.2	1.2
Other Income	195.8	69.7	126.5	223.5
PBT	1,819.5	2,581.4	3,124.8	3,927.6
Total Tax	442.9	661.7	781.2	981.9
<b>Adjusted PAT</b>	<b>1,376.5</b>	<b>1,919.7</b>	<b>2,343.6</b>	<b>2,945.7</b>
Growth (%)	1.8	39.5	22.1	25.7
<b>EPS (Adjusted)</b>	<b>51.9</b>	<b>72.3</b>	<b>88.3</b>	<b>111.0</b>

Source: ICICI Direct Research

**Exhibit 12: Cash Flow Statement (₹ crore)**

(Year-end March)/(₹crore)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	1,374.2	1,919.7	2,343.6	2,945.7
Add: Depreciation & Amortizat	186.2	253.7	290.3	306.8
(Inc)/dec in Current Assets	-326.2	-851.8	-956.0	-1,068.5
Inc/(dec) in CL and Provisions	107.9	131.6	193.9	216.8
Other Operating Activities	-126.2	0.9	1.2	1.2
<b>CF from operating activities</b>	<b>1,215.9</b>	<b>1,454.2</b>	<b>1,872.9</b>	<b>2,401.9</b>
(Inc)/dec in Fixed Assets	-1,182.9	-900.0	-600.0	-600.0
(Inc)/dec in Investments	1,056.3	0.0	-1,000.0	-1,200.0
Other Investing Activities	9.4	19.9	22.6	25.7
<b>CF from investing activities</b>	<b>-117.2</b>	<b>-880.1</b>	<b>-1,577.4</b>	<b>-1,774.3</b>
inc/(dec) in Loan	-61.2	0.0	0.0	0.0
Dividend & Dividend tax	-1024.1	-530.9	-424.7	-424.7
Others	-6.1	-0.9	-1.2	-1.2
<b>CF from financing activities</b>	<b>-1,091.4</b>	<b>-531.9</b>	<b>-425.9</b>	<b>-425.9</b>
Net Cash flow	7.4	42.3	-130.4	201.7
Opening Cash	115.3	122.6	164.9	34.5
<b>Closing Cash</b>	<b>122.6</b>	<b>164.9</b>	<b>34.5</b>	<b>236.2</b>
<b>Free Cash Flow</b>	<b>33.1</b>	<b>554.2</b>	<b>1,272.9</b>	<b>1,801.9</b>

Source: ICICI Direct Research

**Exhibit 13: Balance Sheet (₹ crore)**

(Year-end March)/(₹crore)	FY20	FY21E	FY22E	FY23E
<b>Liabilities</b>				
Equity Capital	53.1	53.1	53.1	53.1
Reserve and Surplus	7,256.8	8,645.6	10,564.5	13,085.5
Total Shareholders funds	7,309.9	8,698.7	10,617.6	13,138.5
Total Debt	38.9	38.9	38.9	38.9
Deferred Tax Liability	274.0	306.8	343.7	384.9
Non CL & Long Term Provisio	20.5	23.0	25.7	28.8
<b>Total Liabilities</b>	<b>7,643.3</b>	<b>9,067.4</b>	<b>11,025.8</b>	<b>13,591.1</b>
<b>Assets</b>				
Gross Block - Fixed Assets	3,514.3	4,436.8	5,277.6	5,577.6
Accumulated Depreciation	732.4	986.1	1,276.4	1,583.1
Net Block	2,781.9	3,450.7	4,001.2	3,994.5
Capital WIP	919.7	897.2	656.4	956.4
Total Fixed Assets	3,701.5	4,347.9	4,657.6	4,950.8
Investments	971.4	971.4	1,971.4	3,171.4
Inventory	1,863.9	2,470.4	3,022.5	3,639.5
Debtors	1,413.4	1,621.6	1,984.0	2,389.0
Loans and Advances	0.1	0.1	0.1	0.1
Other Current Assets	308.6	345.6	387.0	433.5
Cash	122.6	164.9	34.5	236.2
Total Current Assets	3,708.5	4,602.5	5,428.1	6,698.3
Creditors	590.7	686.1	839.5	1,010.9
Provisions	2.5	2.8	3.1	3.5
Other current Liabilities	299.3	335.2	375.4	420.5
Total Current Liabilities	892.5	1,024.1	1,218.0	1,434.8
Net Current Assets	2,816.0	3,578.4	4,210.2	5,263.5
Other Non CA & LT L & A	154.3	169.8	186.7	205.4
<b>Application of Funds</b>	<b>7,643.3</b>	<b>9,067.4</b>	<b>11,025.8</b>	<b>13,591.1</b>

Source: ICICI Direct Research

**Exhibit 14: Key Ratios (₹ crore)**

(Year-end March)	FY20	FY21E	FY22E	FY23E
<b>Per share data (₹)</b>				
Adjusted EPS	51.9	72.3	88.3	111.0
BV per share	275.4	327.7	400.0	494.9
Dividend per share	19.2	20.0	16.0	16.0
Cash Per Share	4.6	6.2	1.3	8.9
<b>Operating Ratios (%)</b>				
Gross margins	60.9	65.4	63.0	63.5
EBITDA margins	33.7	40.1	39.0	39.5
Net Profit margins	25.5	27.8	27.8	29.0
Inventory days	126.1	130.8	130.8	130.8
Debtor days	95.6	85.8	85.8	85.8
Creditor days	40.0	36.3	36.3	36.3
Asset Turnover	1.2	1.3	1.4	1.6
EBITDA conversion rate	67.0	52.6	56.9	59.9
<b>Return Ratios (%)</b>				
RoE	18.8	22.1	22.1	22.4
RoCE	23.9	28.5	28.4	28.9
RoIC	43.2	52.6	44.7	44.3
<b>Valuation Ratios (x)</b>				
P/E	73.7	52.8	43.3	34.4
EV / EBITDA	54.2	35.4	29.7	24.2
Price to Book Value	13.9	11.7	9.6	7.7
EV / Net Sales	18.3	14.2	11.6	9.6
Market Cap / Sales	18.8	14.7	12.0	10.0
<b>Solvency Ratios</b>				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.0	4.3	4.4	4.5

Source: ICICI Direct Research

**Exhibit 15: ICICI Direct Coverage Universe (Healthcare)**

Company	I-Direct Code	CMP (₹)	TP Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)				
					FY19	FY20	Y21E	Y22E	FY19	FY20	FY21E	Y22E	FY19	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	
Ajanta Pharma	AJAPHA	1813	2,250	Buy	15823	43.5	53.4	70.3	77.3	41.7	34.0	25.8	23.5	21.8	24.7	26.7	24.8	17.1	18.1	20.3	19.1
Alembic Pharma	ALEMPHA	945	1,055	Hold	18579	30.2	44.4	57.5	43.9	31.3	21.3	16.4	21.5	19.6	21.0	23.9	17.0	21.8	27.1	23.0	15.5
Apollo Hospital	APOHOS	2732	2,310	Hold	39277	16.2	22.3	-1.6	36.1	168.2	122.3	NA	75.7	8.8	10.2	4.9	13.0	7.1	9.7	-0.5	10.0
Aurobindo Pharma	AURPHA	927	1,025	Buy	54325	41.9	48.8	55.1	61.7	22.1	19.0	16.8	15.0	15.9	17.2	17.9	17.3	17.7	17.0	14.3	13.9
Biocon	BIOCON	410	450	Hold	49188	6.2	5.8	6.5	13.9	66.0	70.4	63.0	29.5	10.9	10.2	9.2	16.5	12.2	10.4	10.5	18.7
Cadila Healthcare	CADHEA	475	555	Buy	48669	18.1	14.0	20.3	21.1	26.3	34.0	23.4	22.6	12.8	10.7	13.5	13.2	17.8	13.8	16.0	14.7
Cipla	CIPLA	834	975	Buy	67295	18.6	19.2	31.0	32.4	44.9	43.4	26.9	25.8	10.9	12.0	17.0	16.1	10.0	9.8	14.0	13.1
Divi's Lab	DIVLAB	3820	4,440	Buy	101402	51.0	51.9	72.3	88.3	75.0	73.7	52.8	43.3	25.5	23.9	28.5	28.4	19.4	18.8	22.1	22.1
Dr Reddy's Lab	DRREDD	4668	5,525	Buy	77623	114.6	121.8	87.0	188.6	40.7	38.3	53.6	24.7	10.7	9.6	15.7	19.5	13.6	13.0	8.6	16.0
Glenmark Pharma	GLEPHA	502	635	Buy	14152	26.9	26.4	36.5	37.6	18.6	19.0	13.7	13.3	15.3	12.7	14.9	14.1	13.5	12.2	14.5	13.1
Hikal	HIKCHE	181	230	Buy	2234	8.4	8.1	10.2	12.2	21.7	22.4	17.8	14.8	14.3	12.8	13.6	14.9	13.6	12.2	13.5	14.2
Ipca Laboratories	IPCLAB	1980	2,490	Buy	25112	34.9	47.6	95.8	96.0	56.8	41.6	20.7	20.6	15.0	17.6	27.8	22.9	14.2	16.6	25.3	20.3
Jubilant Life	JUBLIF	903	850	Buy	14379	54.9	59.9	54.4	70.3	16.5	15.1	16.6	12.8	14.3	14.4	14.7	16.9	17.8	16.6	13.2	14.7
Lupin	LUPIN	1051	1,165	Buy	47673	16.5	-12.7	24.5	37.3	63.5	NA	43.0	28.2	9.4	9.7	8.9	12.2	5.4	-4.6	8.2	11.2
Narayana Hrudayam	NARHRU	509	405	Buy	10396	2.9	6.4	-4.2	8.3	175.2	80.1	NA	61.1	7.7	11.0	-2.4	12.8	5.5	11.4	-8.3	14.2
Natco Pharma	NATPHA	899	885	Hold	16386	35.4	25.3	32.7	28.0	25.4	35.6	27.5	32.1	21.3	14.0	17.1	13.6	18.5	12.2	14.0	11.0
Sun Pharma	SUNPHA	632	675	Buy	151514	15.9	16.8	28.7	23.5	39.8	37.6	22.0	26.9	10.3	10.0	12.9	12.3	9.2	8.9	14.3	10.6
Syngene Int.	SYNINT	570	700	Buy	22786	8.3	10.3	9.7	13.2	68.9	55.3	58.8	43.2	14.8	14.5	12.6	15.8	16.8	15.7	15.1	17.1
Torrent Pharmaceuticals	TORPHA	2682	3,135	Buy	45379	48.9	60.6	70.6	85.8	54.8	44.3	38.0	31.3	14.2	15.4	17.9	20.2	17.5	21.2	20.9	21.3
Shalby	SHALIM	114	130	Hold	1226	2.9	2.6	4.7	4.9	38.8	44.5	24.1	23.1	6.8	7.2	6.6	7.9	4.1	3.5	6.0	5.9
Aster DM	ASTDM	153	170	Buy	7648	6.7	5.5	3.1	9.9	23.0	27.6	49.3	15.4	8.3	7.1	5.2	9.1	10.4	8.5	4.5	12.7
Indoco Remedies	INDREM	322	380	Buy	2970	-0.3	2.6	9.3	14.8	NA	123.2	34.7	21.7	0.9	4.6	11.4	15.6	-0.4	3.5	11.4	15.7
Caplin Point	CAPPOI	482	605	Buy	3643	23.3	28.4	32.6	43.7	20.6	16.9	14.8	11.0	34.6	26.5	26.0	28.3	27.9	22.7	21.1	22.4
Granules India	GRANUL	348	460	Buy	8609	9.5	12.4	21.1	23.6	36.4	28.0	16.4	14.7	11.8	15.2	22.4	22.0	15.5	16.7	22.4	20.2
Laurus Labs	LAULAB	347	440	Buy	18599	1.7	4.8	17.9	21.1	198.3	72.9	19.4	16.4	7.7	13.0	33.8	31.6	6.0	14.4	36.4	31.0

Source: ICICI Direct Research, Bloomberg



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Reduce: -5% to -15%;

Sell: <-15%



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